2010 Military Health System Conference

The Incentive Conundrum

Can we apply the science of motivation to unleash the creative power of our people?

Sharing Knowledge: Achieving Breakthrough Performance

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Our Time Together

- Our Challenge
- What we have seen so far in implementing P4P in the MHS
- What the science tells us about Pay for Performance
- Dialogue and considerations for the way ahead?

The Challenge

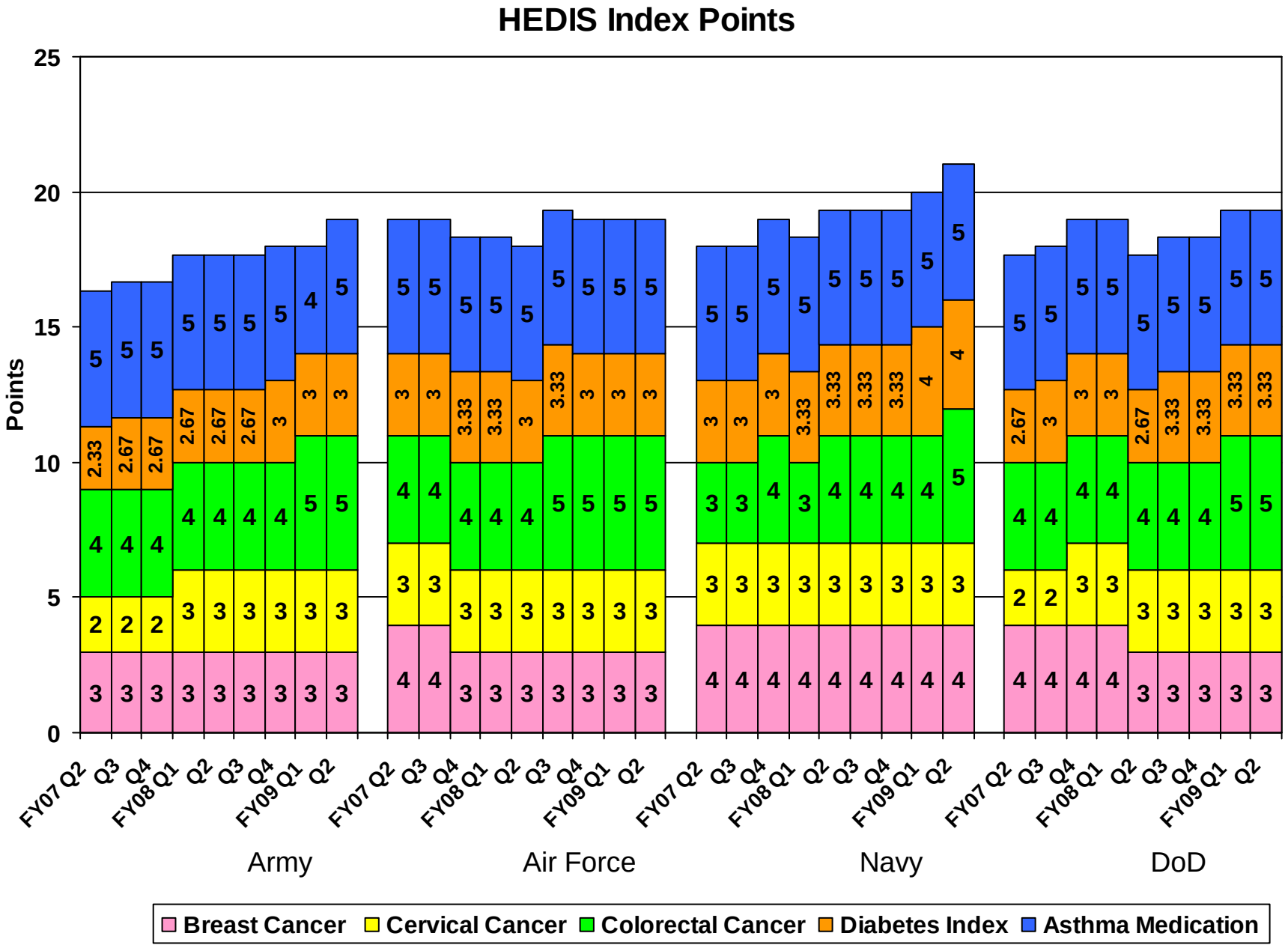
- We are trying to achieve the quadruple aim.
  - The “sweet spot of readiness, experience of care, population health, and responsible management of per capita cost”
- Our current incentives support a fee for service model that rewards outputs not outcomes in healthcare (safety, quality, satisfaction, trust), to say nothing of population health or readiness.
- There have been some experiments with P4P in the military and in civilian health care and the results are variable no one has the complete solution.
- There is risk in going down a path that has unforeseen consequences

What has the MHS tried?

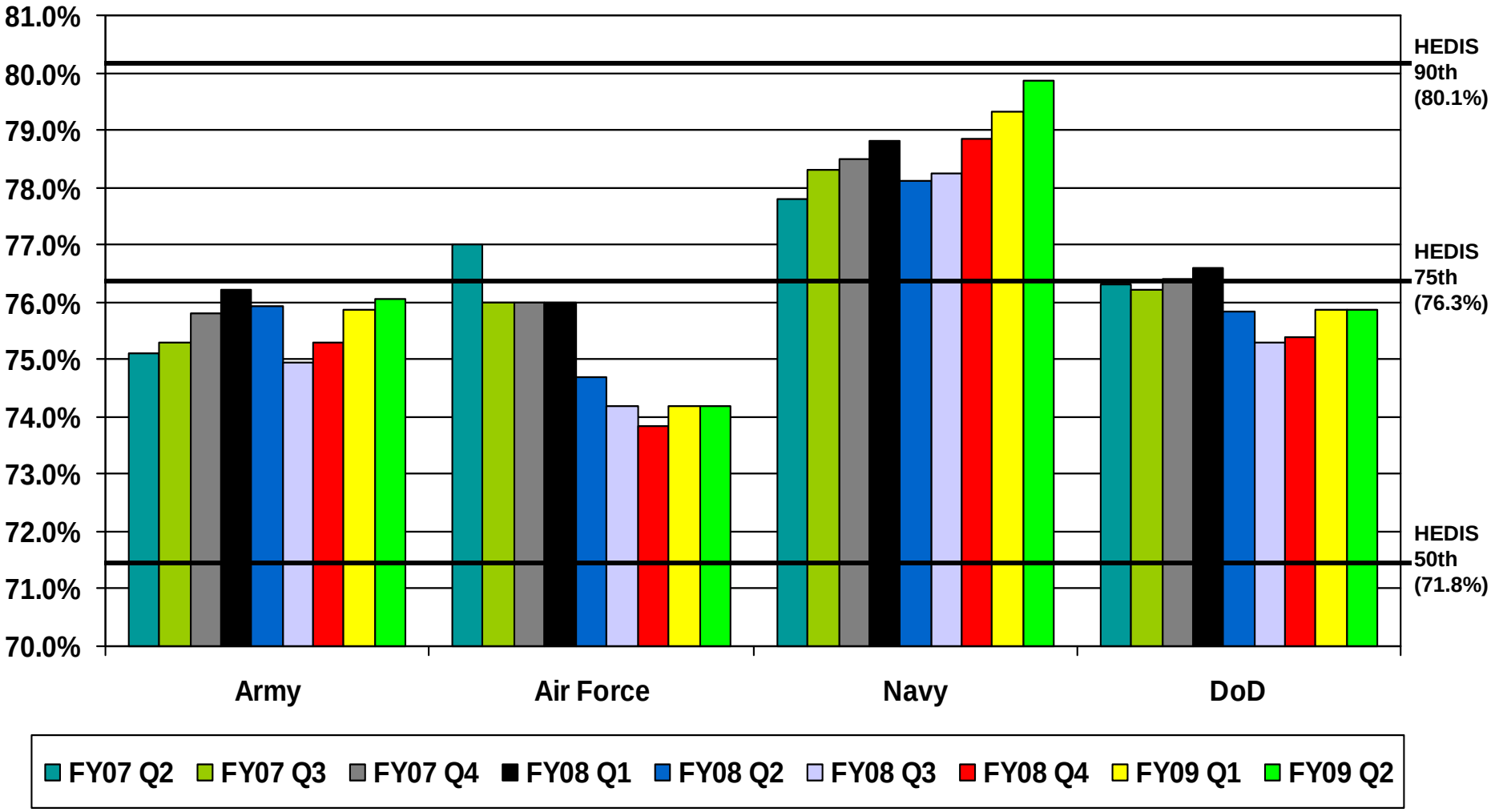
- Prospective Payment System (2005) – Basically a fee for service model that provides an incentive for increased clinical production
- Air Force Medical Service (AFMS) Business Plan (2005)
  - The business plan does not have a financial incentive tied to quality (HEDIS) measures, but these indicators are monitored regularly by the AFMS
- Army Performance-Based Adjustment Model (PBAM) (2007)
  - Adjustments for quality (eg HEDIS)
- Navy Performance Based Budget (PBB) (2008)
  - Adjustments for quality, satisfaction and readiness

Ref: THE EFFECTS OF INCENTIVE PROGRAMS ON CLINICAL PRODUCTIVITY AND QUALITY By Heather M. Landon, Lt Col, USAF, MSC

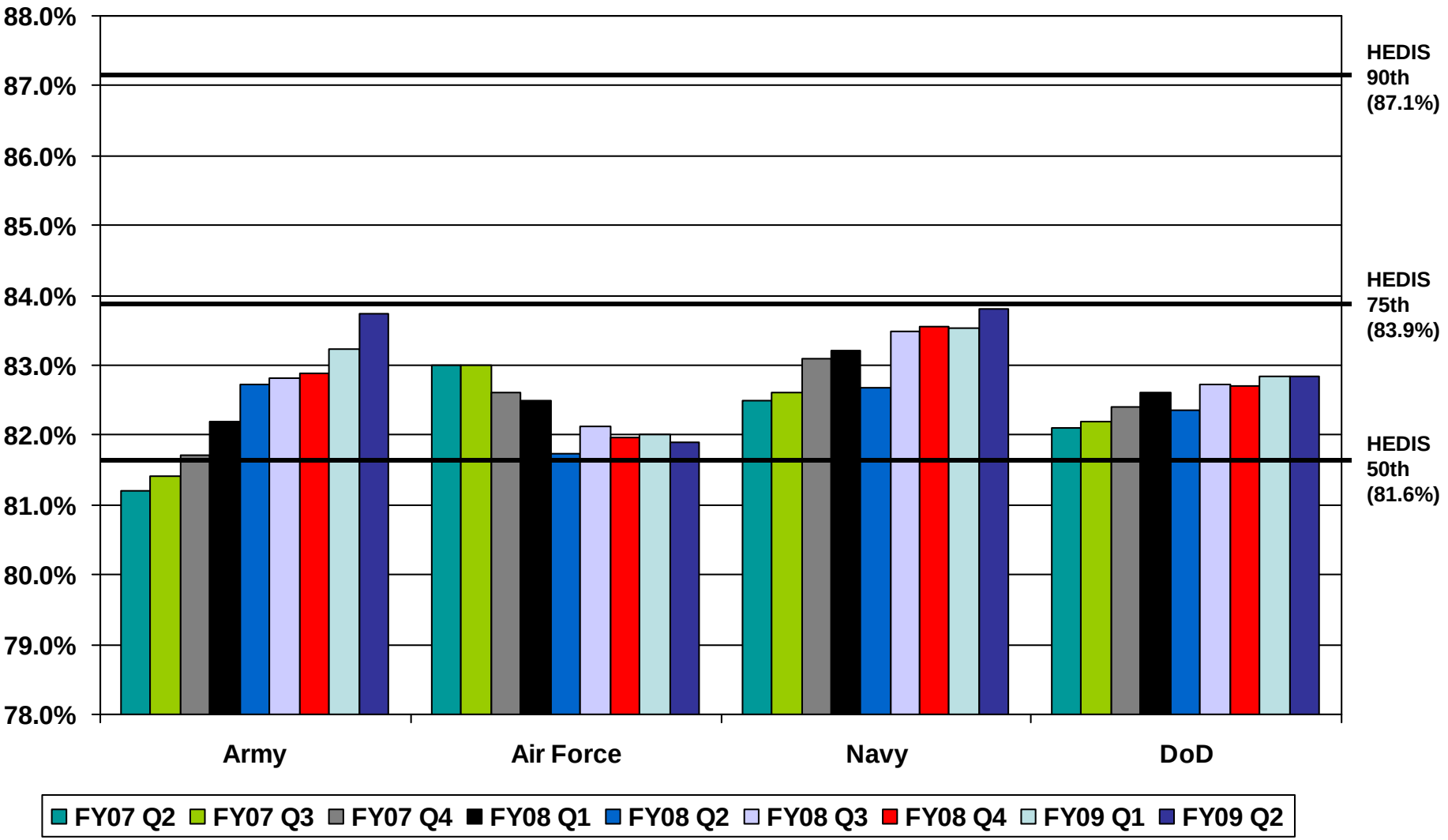
HEDIS Measures in the Context of MHS P4P– What have we seen?


HEDIS Index Points
Points
25
20
15
10
5
0
FY07 Q2 Q3 Q4 FY08 Q1 Q2 Q3 Q4 FY09 Q1 Q2
Army
Air Force
Navy
DoD
Breast Cancer
Cervical Cancer
Colorectal Cancer
Diabetes Index
Asthma Medication

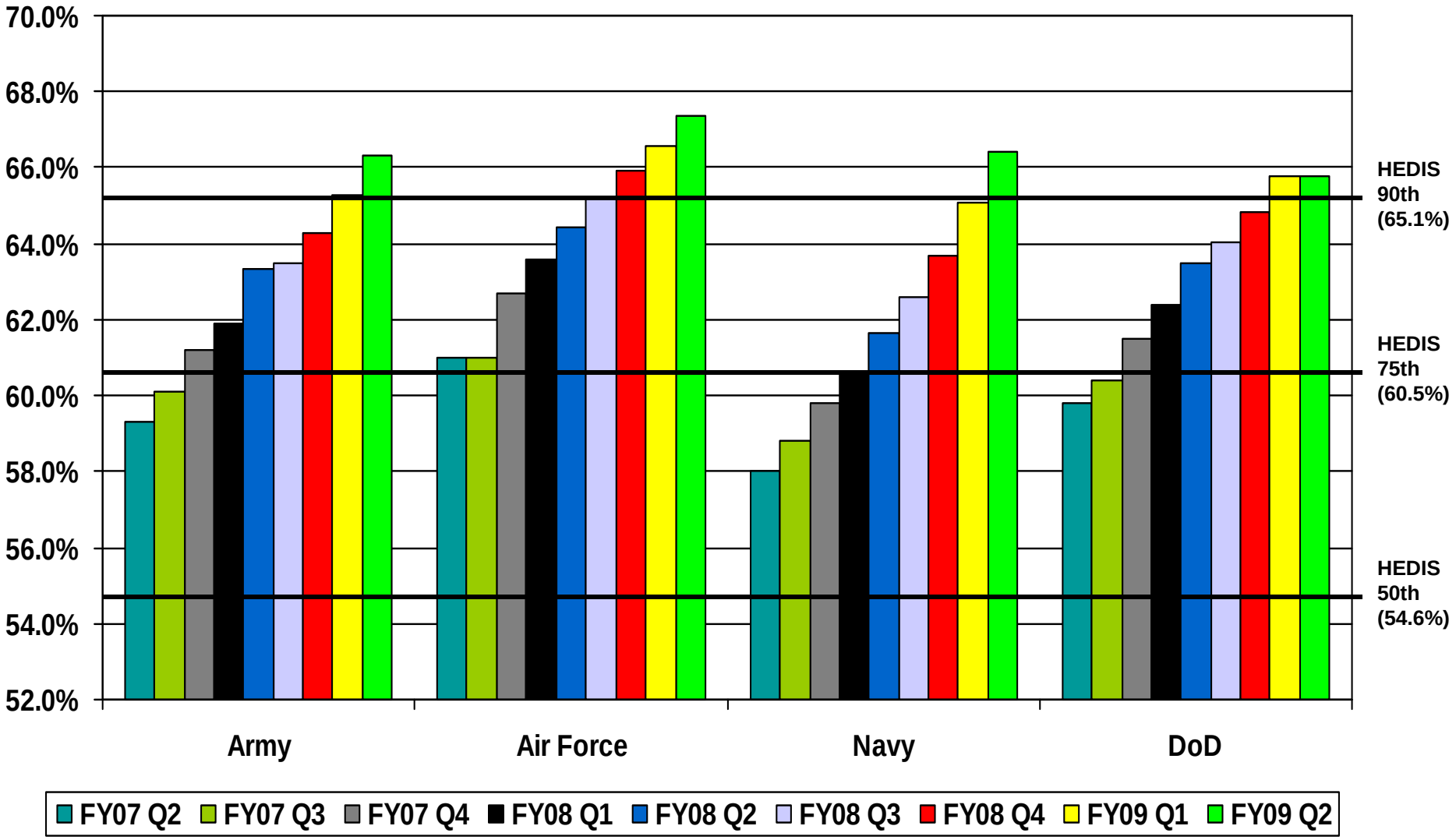
Breast Cancer Screening



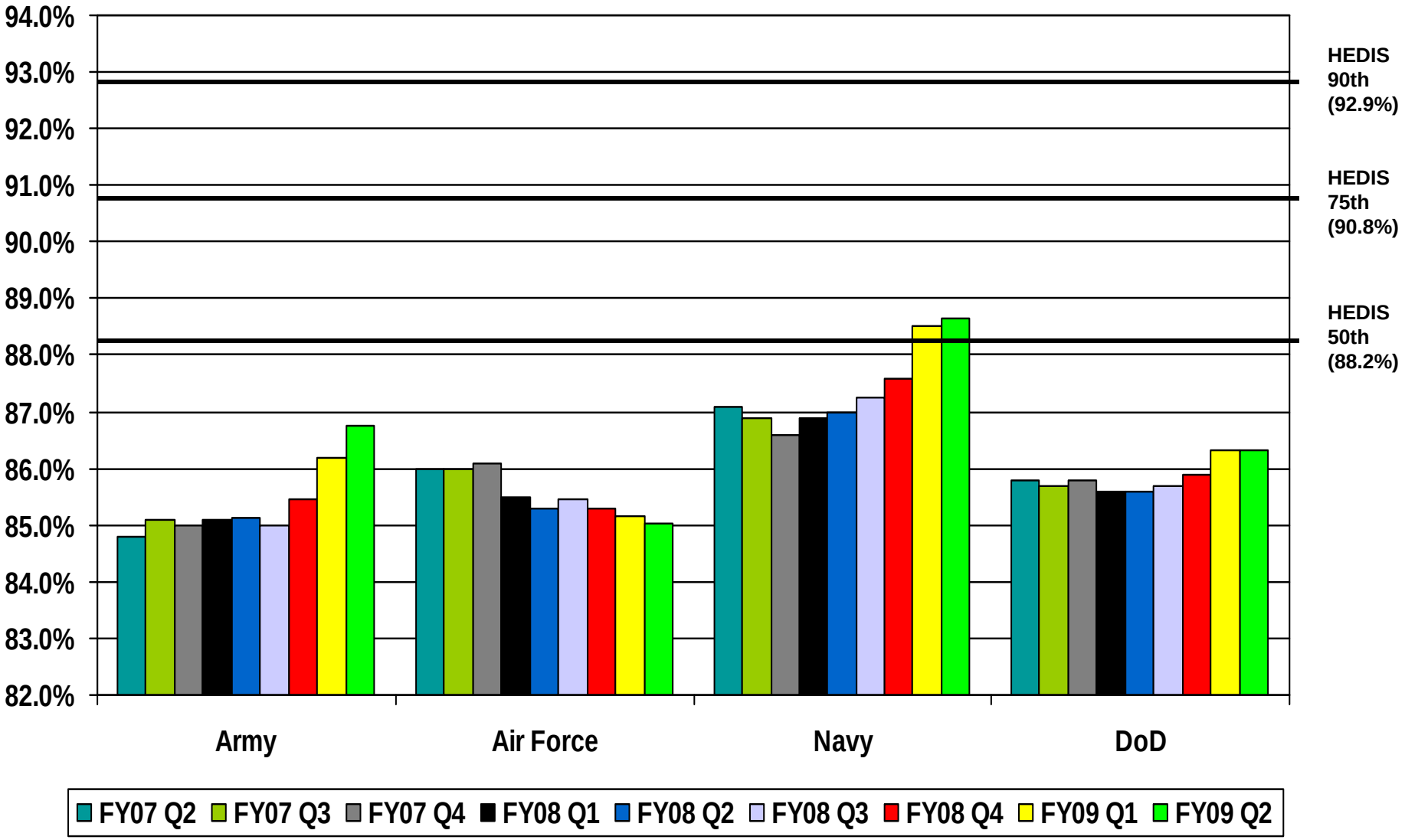
Cervical Cancer Screening



Colorectal Cancer Screening

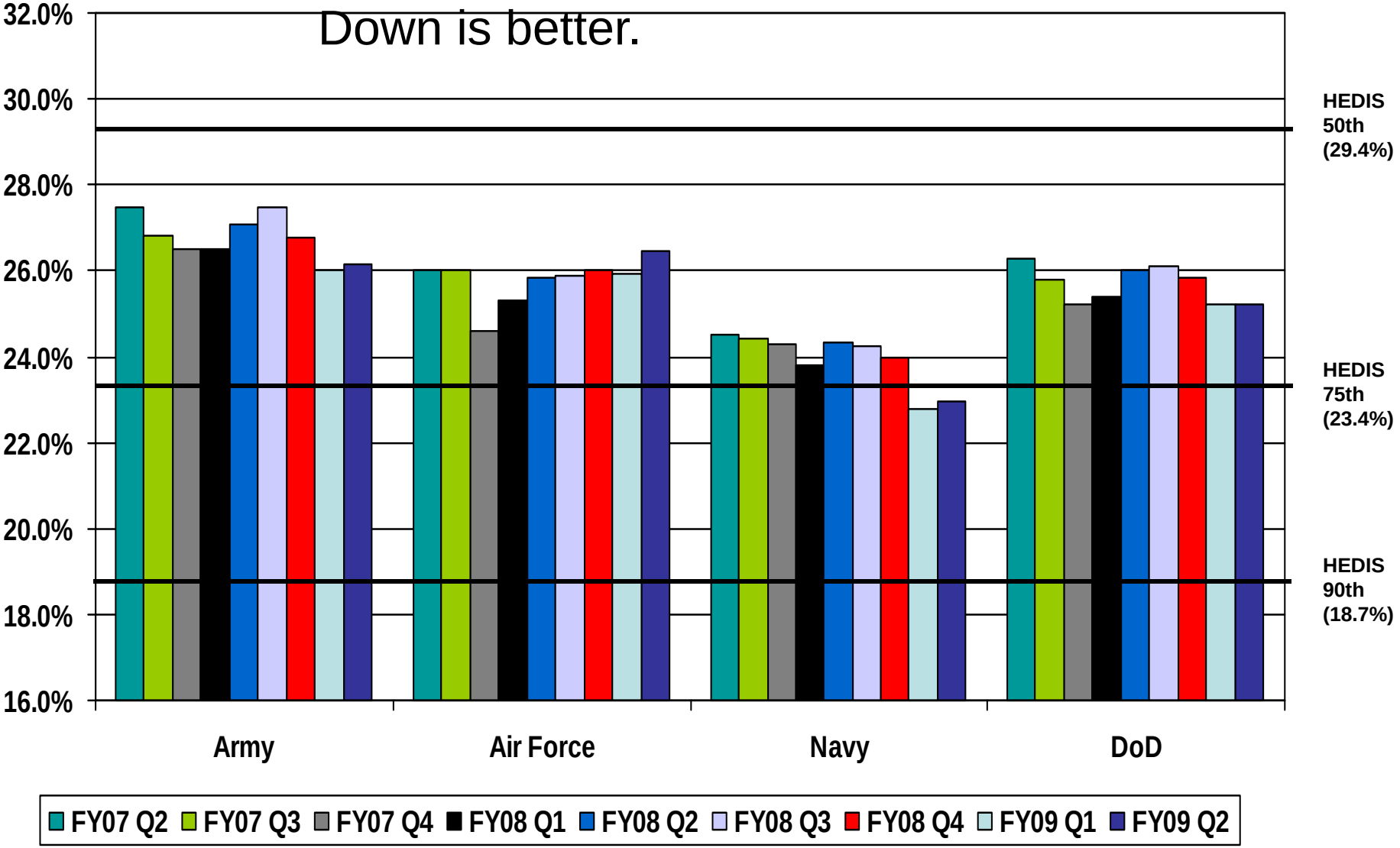


Diabetes A1c Screening

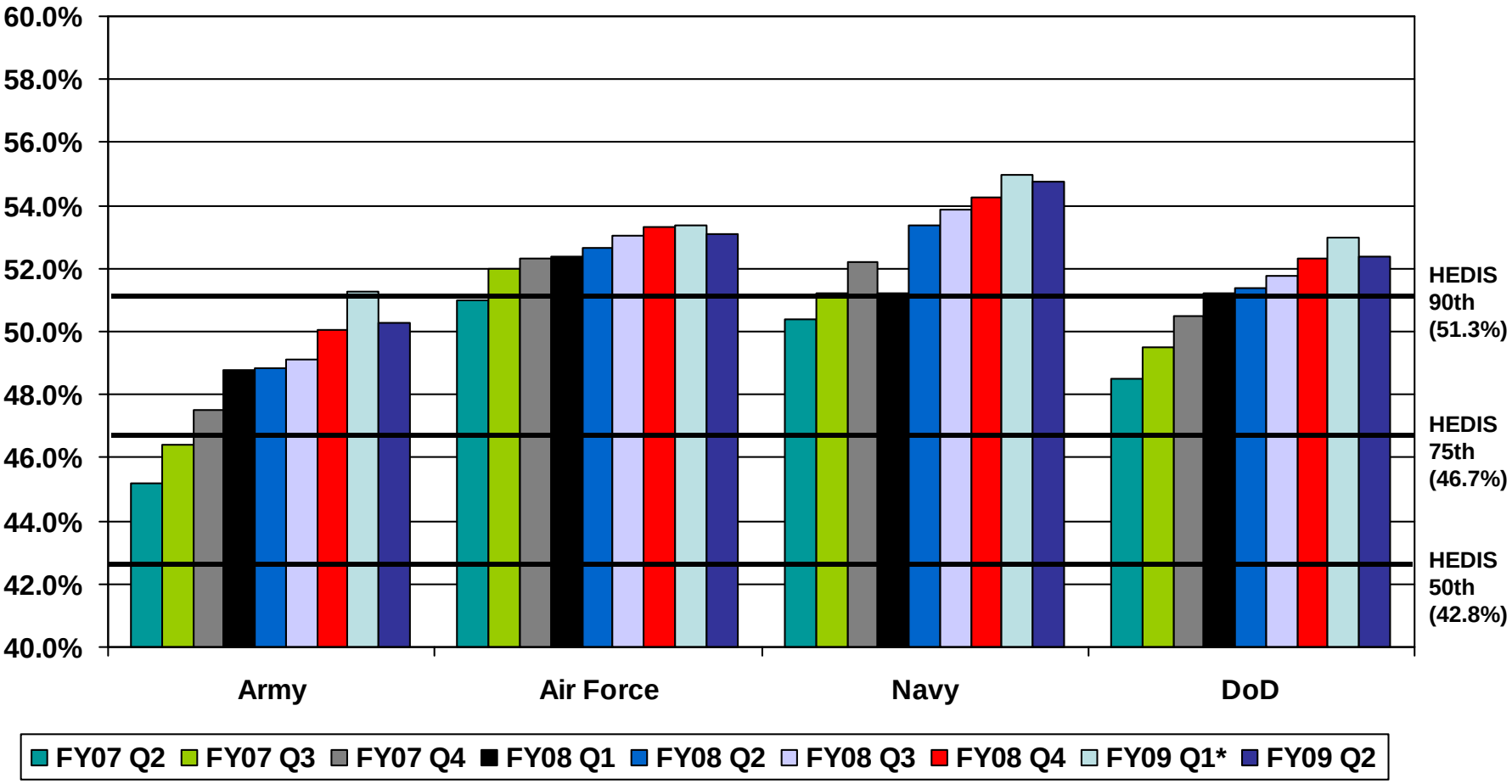


Diabetes A1c > 9 Control*

*A lower rates indicates better performance



Diabetes LDL < 100mg/dL



When do incentives go wrong?

- System is not ready
- Data not transparent or not good
- Produces sub optimization
- Slippery slope – payment for all new work

When do they go right?

- Low amount of $ to create focus – 5 to 10K
- Straight/simple process to increase immunization rates, cancer screening
- Increase transparency, pride, able to influence goal

The Science Of Motivation

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Motivating People – Summary of the Science

- What are the lessons?
  - Financial rewards are frequently counter productive
  - Intrinsic motivation is more powerful than extrinsic motivation
  - To maximum intrinsic motivation, focus on autonomy, mastery, purpose
- What should we do?
  - Pay people a fair amount
  - Use “if then” rewards only for simple mechanical activities (not creative ones)
  - Encourage peer to peer “now that” rewards – they must be a surprise
  - Focus on individual and team learning and mastery
  - Regularly emphasize the purpose of the organization
- References
  - Drive – The Surprising Truth About What Motivates Us – Daniel Pink (Also, see TED.COM (Dan Pink)
  - One More Time- How do you motivate People? – Frederick Herzberg (Harvard Business Review 2003)
  - The Three Signs of a Miserable Job: A Fable for Managers (And Their Employees) - Patrick Lencioni
  - Outliers – Malcolm Gladwell

Strengths and Weaknesses of P4P at the Individual Level

- Strength –
  - Provides tangible evidence to all concerning “what is important”
  - Proven success in improving HEDIS (civilian and military)
  - Can be applied across an entire enterprise
- Weakness
  - Only works for simple activities that do not require creativity
    - HEDIS and IMR vs. Satisfaction and Access
  - May reduce overall productivity
  - May result in unintended consequences
    - Focus on a few outcomes but, ignore other, more important ones
  - Linking activities to financial reward can remove other incentives (think of allowance and chores)

How Can We Use This Learning

- Next Week
  - Be skeptical of simple answers that are totally focused on financial incentives and “if then” rewards
  - Be reassured that what you learned in leadership training actually matters
    - Communication, increasing levels of responsibility, mission/purpose, teamwork
  - Use measures primarily for improvement, not for judgment
- Over the next several years, for those making policy
  - Move away from strict fee for service
  - Find a way to incentivize value creation (quadruple aim), but consider more than just financial incentives or “if then” approaches
  - Pilot test before going live across the MHS

Additional References on P4P in Medicine

- American Academy of Family Physicians. “Pay-for-Performance.” http://aafp.org/online/en/home/policy/policies/p/payforperformance.html
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- Doran, Tim, Catherine Fullwood, David Reeves, Hugh Gravelle, and Martin Roland. “Exclusion of Patients from Pay-for-Performance Targets by English Physicians.” The New England Journal of Medicine 359, no. 3 (17 July 2008): 274.
- Dudley, R. Adams, and Meredith B. Rosenthal. Pay for Performance: A Decision Guide for Purchasers. AHRQ Publication No. 06-0047. Rockville, MD: Agency for Healthcare Research and Quality, April 2006.
- Epstein, Arnold M., Thomas H. Lee, and Mary Beth Hamel. “Paying Physicians for High-
- Quality Care.” The New England Journal of Medicine 350, no. 4 (22 January 2004): 406-410.
- Joint Commission on Accreditation of Healthcare Organizations. “Principles for the Construct of Pay-for-Performance Programs.” http://www.jointcommission.org/PublicPolicy/pay.htm.
- *Rachel M. Werner and R. Adams Dudley: Making The ‘Pay’ Matter In Pay-For-Performance: Implications For Payment Strategies No one P4P payment type is best, and each offers different incentives for improving quality.HEALTH A F FA I R S ~ Vo l u m e 2 8 , Nu m b e r 5, 1498-1510*